

Kentucky Agricultural Finance Corporation

Minutes of the December Meeting

The meeting of the Kentucky Agricultural Finance Corporation was held on Friday, December 1, 2006 at 11:00 am EST in the Willow Room of The Galt House in Louisville, Kentucky. Michael Judge, presiding, called the meeting to order. Mr. Judge then asked Nicole Ray, Secretary, to call the roll.

Members Present

Commissioner Richie Farmer (Michael Judge, designee), Bob Gaslin, Wayne Hunt, Larry Jagers, Doug Lawson, Billy Joe Miles, Frank Penn, James Reams, Annette Crawford Walters

Members Absent

Secretary John Farris, Charles Miller, Bob Proffitt

Others Present

Staff - Catherine Ball, Brian Furnish, Tim Hughes, Bill McCloskey, Nicole Ray, Keith Rogers

Guests- Harold and Shannon Burton, Burton Livestock, LLC; Bob Foster and Brad Burke, Farm Credit Services

Notification of Press

Keith Rogers stated that the media had been notified.

Review and approval of Minutes of November 3, 2006

A motion to approve the November minutes was made by Mr. Hunt, seconded by Mr. Miles. The motion passed without dissent.

Executive Director's Report

Mr. Rogers updated the Board on the Kentucky Agricultural Development Board's (KADB) Annual Planning Session that was held at Buckhorn State Park on November 16-17th.

Mr. Rogers notified the Board that the next KAFC Board meeting will be held January 5th in Frankfort.

Marketing and Business Development Coordinator's Report

Mr. Hughes reviewed the information in the Financial Status Report in the Board update folders.

New Business

Loan applications

Agricultural Infrastructure Loan Program - Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0069 Staff is awaiting additional information on this application.

AF06-0082 This loan was approved for \$100,000 on November 3, 2006. The poultry contractor requested that they incorporate additional equipment in the building project. FCS approved the request for additional funds and asked KAFC to subordinate to the additional debt. **Ms. Walters moved to approve the request, Mr. Reams seconded the motion. The motion passed without dissent.**

AF06-0083 Applicants withdrew their request for funding.

AF06-0084 Applicants requested \$100,000 over ten years for construction of two pullet houses in Wayne County. Farm Credit Services of Mid-America in Somerset is the participating lender. **Ms. Walters moved to approve AF06-0084, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF06-0085 Staff is awaiting additional information on this application.

AF06-0086 Staff is awaiting additional information on this application.

AF06-0087 Applicants requested \$41,000 over ten years for construction of farrowing facilities in Clay County. Farm Credit Services in London is the participating lender. **Mr. Miles moved to approve AF06-0087, Mr. Lawson seconded the motion. The motion passed without dissent.**

AF06-0088 Applicant requested \$25,000 over ten years for construction of an all-purpose steel building in Mercer County. Central Kentucky Agricultural Credit Association in Danville is the participating lender. **Application AF06-0088 has met the requirements and was approved by staff on November 22, 2006.**

AF06-0089 Applicants requested \$20,000 over ten years for construction of a cooling unit for vegetable and melon storage in Pulaski County. Farm Credit Services of Mid-America in Somerset is the participating lender. **Application AF06-0089 has met the requirements and was approved by staff on November 22, 2006.**

AF06-0090 Applicants requested \$67,693 over ten years for expansion of a seed operation by adding 6,400 sq. ft. to an existing warehouse, a new lab and cleaning equipment, and a greenhouse, and construction of a straw storage building in Hart County. Kentucky Banking Centers, Inc. in Munfordville is the participating lender. **Mr. Gaslin moved to approve AF06-0090, Mr. Jagers seconded the motion. The motion passed without dissent.**

Agricultural Processing Loan Program – Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0053 Kentucky Specialty Grain (KSG) – Mr. Rogers updated the Board on discussions with Chris Kummer of KSG.

AF06-0055 Joe, Todd and Kenton Ball – Staff is still waiting on additional information.

AF06-0074 Hutcherson, Lyon Jr. – Applicant is waiting on a comprehensive appraisal and is moving forward with the project.

Old Business

Request from Farm Credit Services (FCS) regarding AF06-0061 Burton Livestock, LLC- AF06-0061 was approved at the September 1, 2006 meeting for a \$967,110 loan. The applicants also received a forgivable loan from the KADB and are now working with FCS to secure additional financing for the project. FCS approved a \$3.3 million line of credit subject to the KADB and the KAFC subordinating their security positions to FCS. FCS proposes that KAFC take a second mortgage on the 206 acre farm owned by Mr. and Mrs. Cropper, a subordinate mortgage on the 60 acres owned by Mr. and Mrs. Cropper, and a subordinate mortgage on the 220 acres owned by Mr. and Mrs. Burton, as well as second liens on applicable equipment and cattle. FCS requested that the KADB subordinate their mortgage on the 60 acres to FCS. **Mr. Hunt moved to approve the request from FCS as outlined in the November 28, 2006 FCS letter to Mr. Rogers and accept the collateral as proposed. Mr. Miles seconded the motion. The motion passed without dissent. Ms. Walters abstained from voting.**

Kentucky Aquaculture Association requested that the KAFC modify its Agricultural Infrastructure Loan Program to extend its maximum loan term from ten years to thirteen years for aquaculture producers. **Mr. Miles moved to deny the request, Ms. Walters seconded the motion. The motion passed without dissent.**

Other Business

No other business.

Closing Remarks

The motion to adjourn was made by Mr. Jagers, seconded by Mr. Penn. The motion passed without dissent.

The meeting adjourned at 12:17 pm EST.